PLI Is a Manufacturing Strategy Test, Not Just an Incentive, Says Industry Expert Abhijit Yemul

Insights highlight how performance, integration, and controlled environments determine actual PLI returns for manufacturing companies

Pune, Maharashtra Apr 20, 2026 ([Issuewire.com](https://www.issuewire.com)**)** - As India accelerates its manufacturing growth under the **Production Linked Incentive (PLI) schemes**, industry experts are pointing to a shift in how companies must approach manufacturing strategy.

Abhijit Yemul, who works closely with manufacturing facilities across solar, pharmaceutical, and electronics sectors, highlights that many businesses continue to view PLI as a straightforward financial incentive rather than a performance-driven framework.

"Most discussions around PLI begin with how much incentive a company can earn. The more relevant question is whether the manufacturing setup is capable of consistently delivering the performance required to unlock those incentives," said Yemul.

In sectors such as solar PV manufacturing, incentives are linked to incremental sales and are disbursed over a five-year period after commissioning. While companies often estimate returns based on installed capacity and expected utilisation, actual outcomes depend heavily on operational consistency, efficiency benchmarks, and integration levels.

According to industry observations, two facilities with similar capacities can deliver significantly different results. The key differentiator lies in the stability of the manufacturing environment rather than the machinery alone.

High-performance manufacturing setups require controlled environments supported by high-purity water systems, chemical handling infrastructure, and regulated air conditions. These factors directly influence the ability to meet efficiency benchmarks, which in turn determine eligibility for higher incentive payouts.

The structure of PLI schemes also places strong emphasis on local value addition and integration across the manufacturing value chain. Companies that move upstream and reduce dependence on imports are positioned to receive higher incentives, but this also increases operational complexity and demands tighter process control.

"Integration increases both potential and risk. Without a stable manufacturing environment, it can amplify inefficiencies instead of improving returns," Yemul added.

Timing is another critical factor. PLI incentives are structured to provide higher returns in the initial years, making early operational performance crucial. Delays in stabilising production can significantly reduce total incentive realisation over the five-year period.

Industry trends indicate that companies that prioritise infrastructure planning, environmental control, and process integration from the early stages are better positioned to maximise benefits under the PLI framework.

"Manufacturing under PLI is not just about building capacity. It is about building systems that can perform consistently from day one," said Yemul.

As India continues to position itself as a global manufacturing hub, the focus is shifting from scale alone to sustained performance and compliance with global standards.

"PLI rewards output, but it pays for performance. And performance is shaped long before production begins," Yemul concluded.

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